

# Volatility in African securities – risk and opportunity

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# Key characteristics

## GDP vs returns

- GDP growth is not correlated with securities returns

## Contrarian

- Uncertainty (politics, boom-bust economic cycles)
- Volatility is good for contrarian investors

## Long term

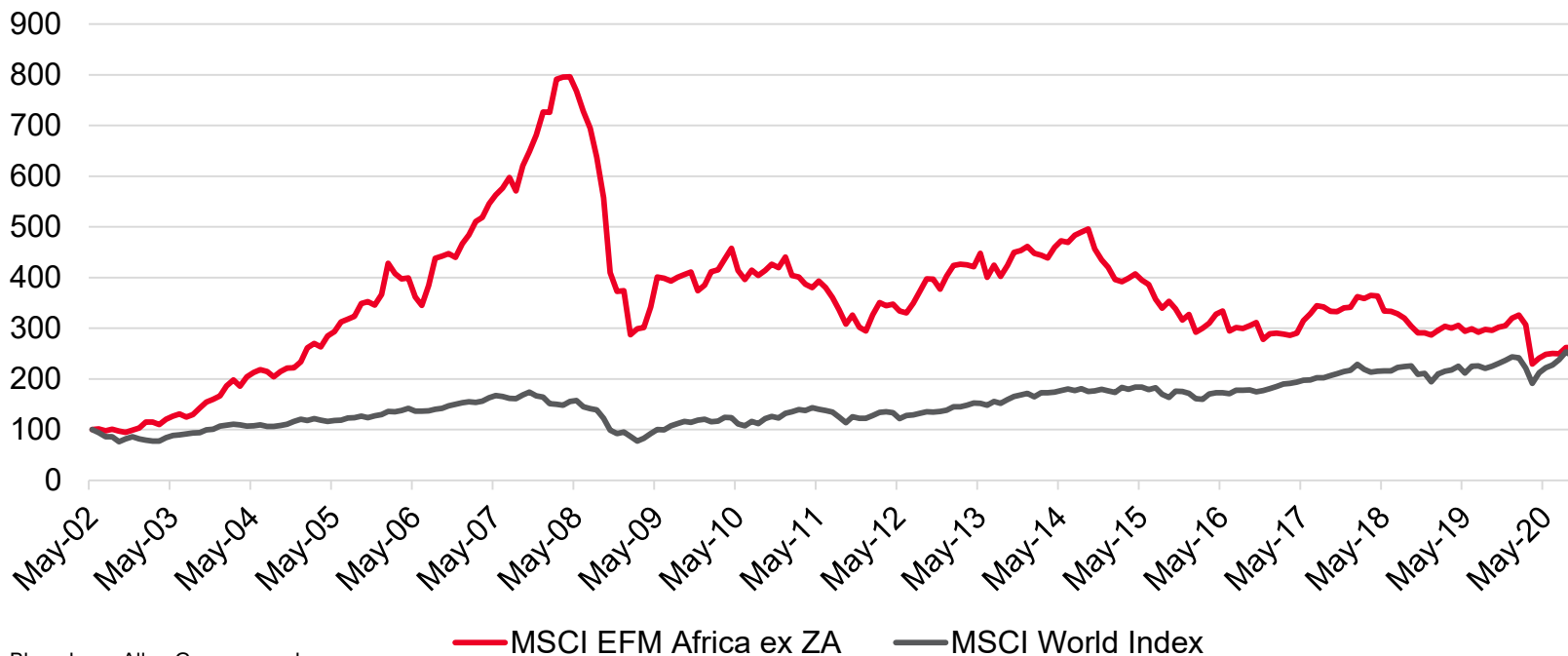
- Patient capital is scarce
- Long-term orientation tends to be well rewarded

## Independent research

- Under-researched / inefficient price discovery
- Good for unearthing bargains

## Long term

Africa ex-SA has outperformed global most of the time

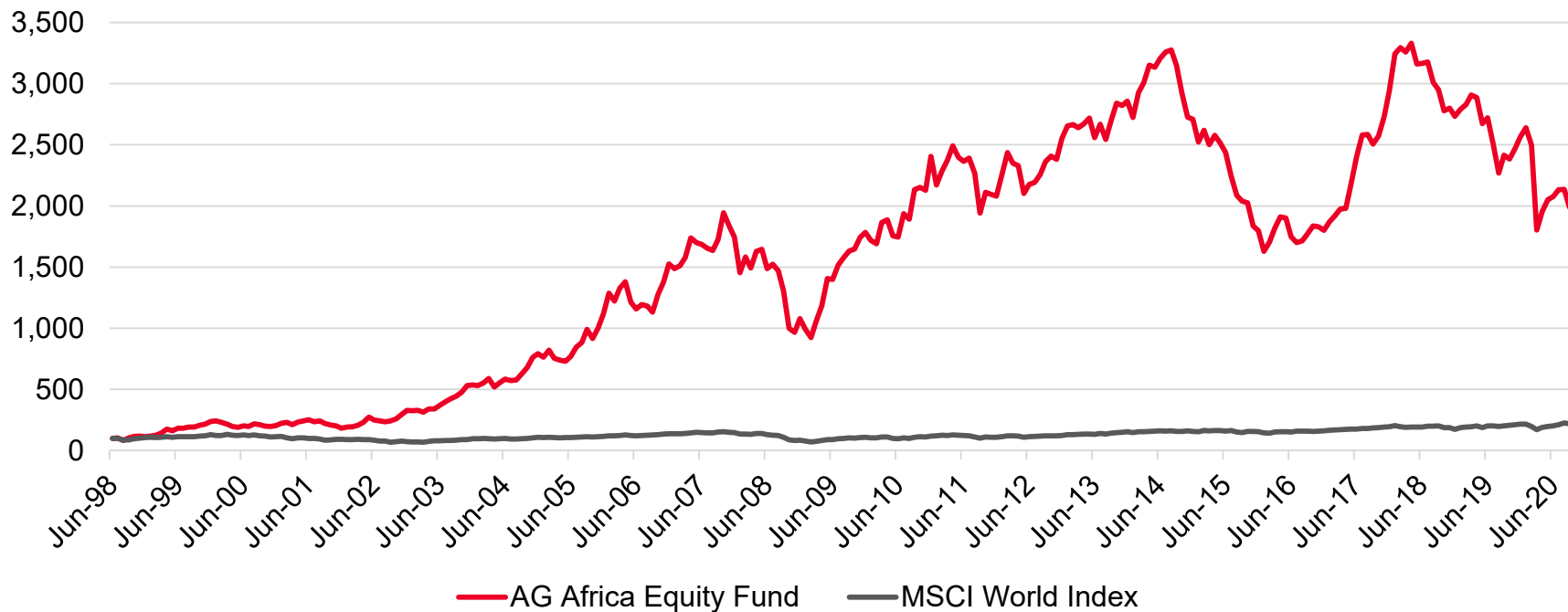


Source: Bloomberg, Allan Gray research



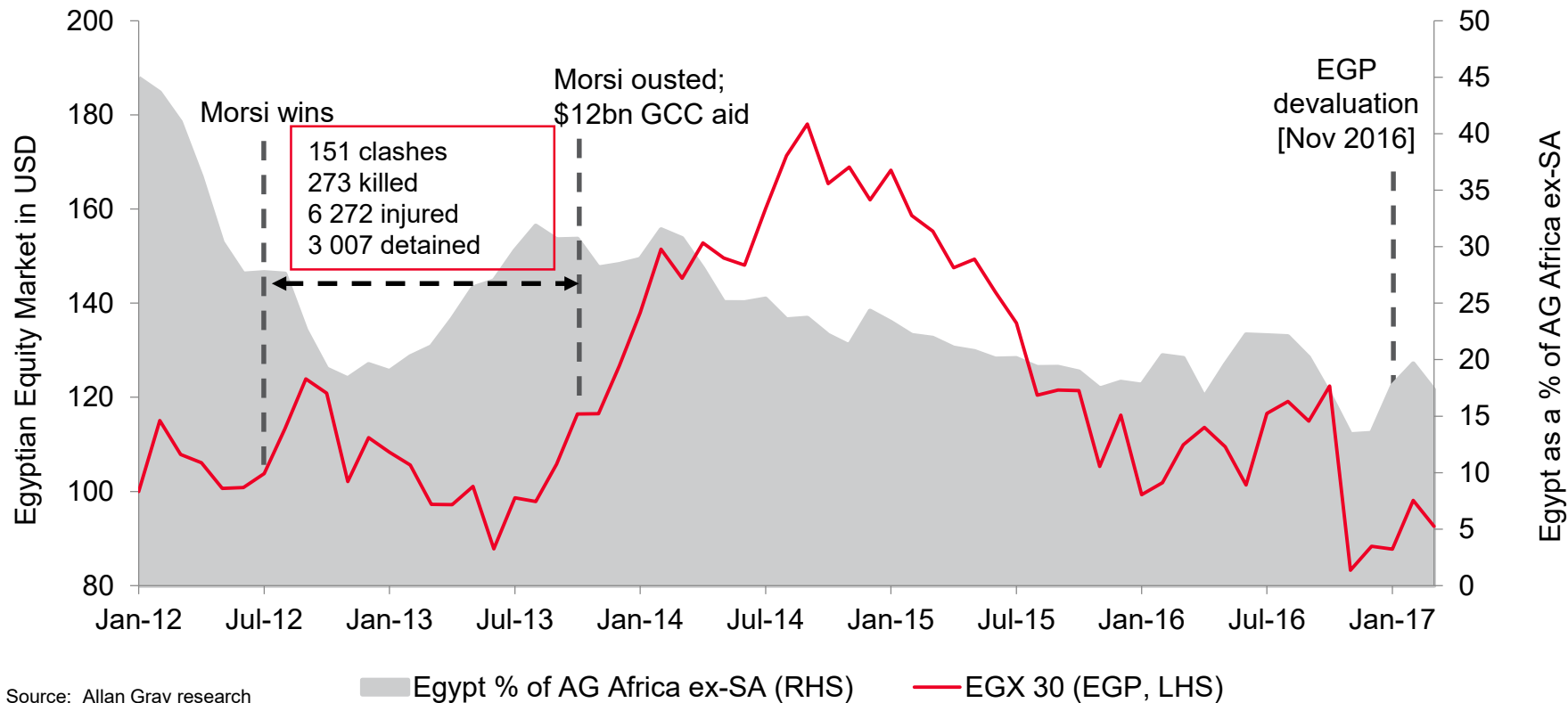
## Long term

Appropriate security selection can yield even better results



Source: Bloomberg, Allan Gray research

## Egypt – A contrarian study

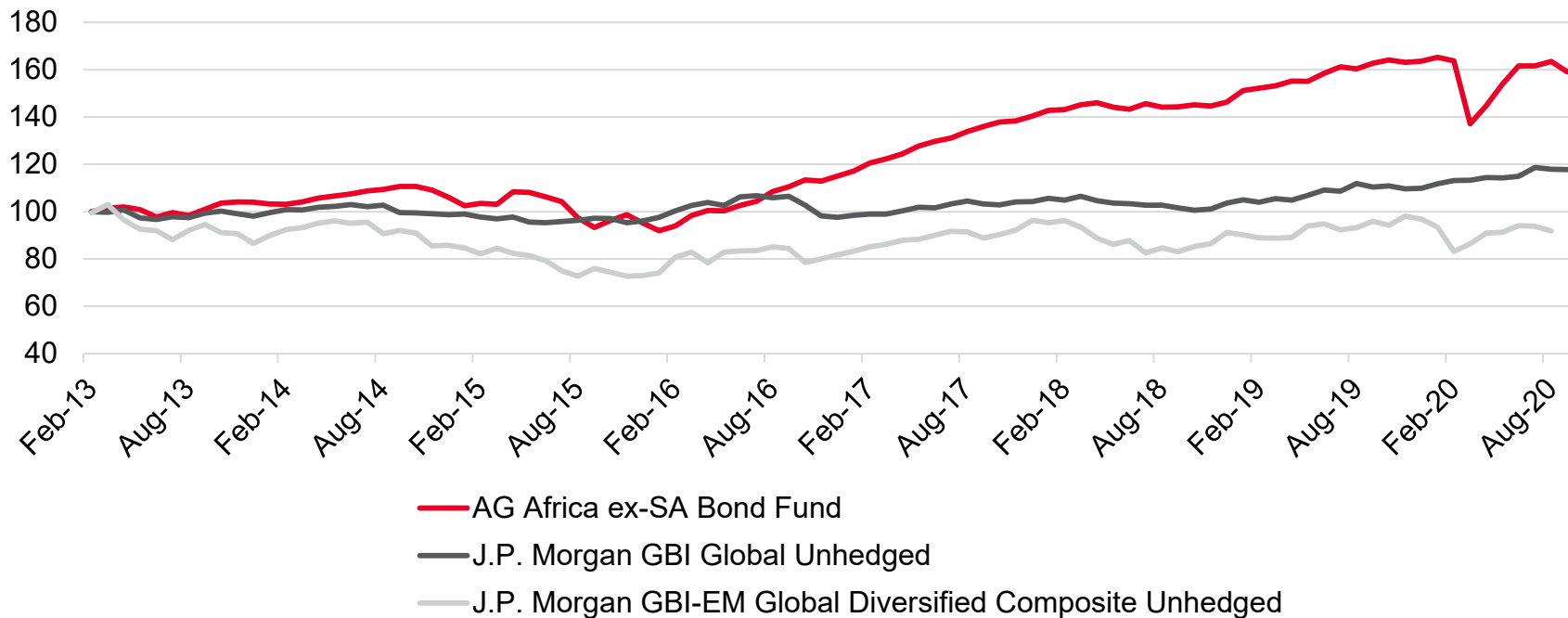


Source: Allan Gray research



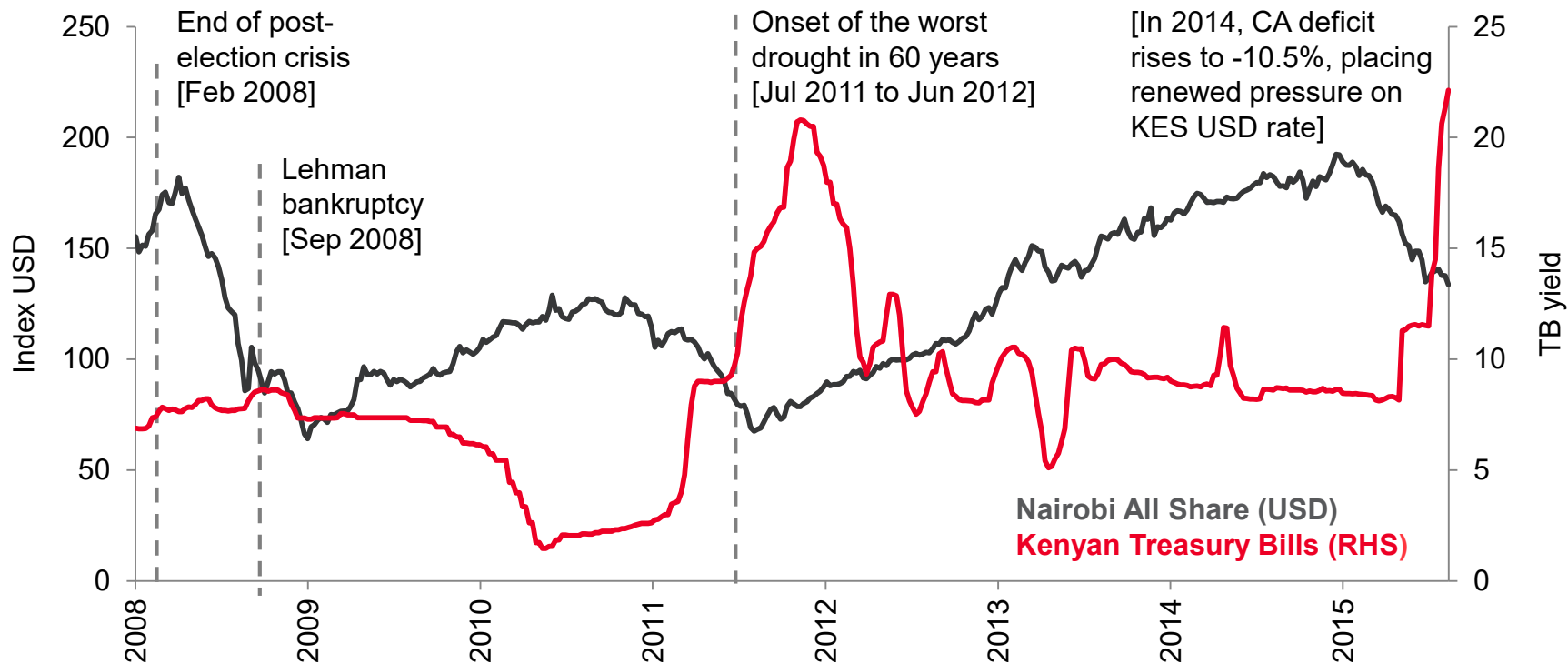
## Long term

Appropriate security selection can yield even better results



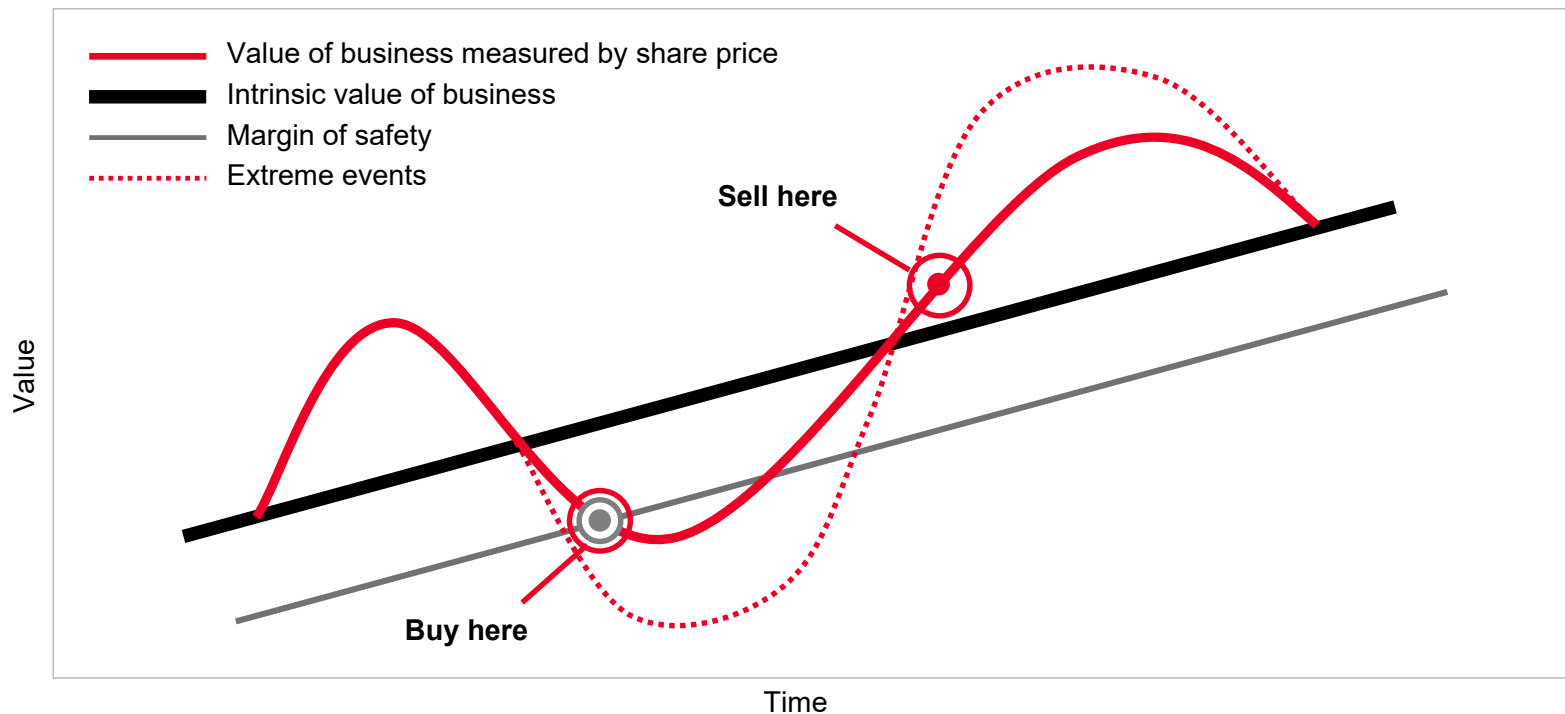
Source: Bloomberg, Allan Gray research

## Volatility and opportunity



Source: Bloomberg, Allan Gray research

# Independent research



Source: Allan Gray research



**Thank You**





# Appendices



# Important information

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## Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge.

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